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INDUSTRIAL PRODUCTION FIGURES

Product	Prod. in 1st 11 mo of 1986	1st 11 Mo. 86 as % of same of 85
Electricity (b.kw.hrs)	1443	104%
Petroleum (inc. gas cond.)(mil. metric tons)	562	103
Nat. Gas (b.cu.mtr)	624	107
Coal (mil. metric tons)	685	103
Steel (mil. met. tons)	147	104
Fertilizer (mil.tons)	31.7	105
Metal-cutting tools (bil. rubles)	2.6	109
Robots (in 1000s)	13.4	116
Computer Technology (bil. rubles)	4.3	113
Tractors (mil. hp)	49.8	103
Paper (mil. metric tons)	5.6	108
Cement (mil. metric tons)	124	104
Meat(mil. metric tons)	9.7	107%
Margarine (mil. tons)	1.3	103
Watches (mils)	63.8	104
Radios (mils)	8.2	103
TV sets (mils)	8.6	101
Automobiles (mil.)	1.2	99.7

LIVESTOCK

(in millions)

	12/1/85	12/1/86	% Change
Cattle	94.2	95.5	101.3
Cows	29.2	28.9	98.97
Hogs	59.1	61.2	103.6
Sheep & Goats	113.5	114.7	101.1
Chickens	752.6	756.2	100.5

INDUSTRIAL PRODUCTION FOR THE FIRST ELEVEN MONTHS OF 1986

For the first time in 1986, the increase in electricity generation seems to have faltered somewhat. Production for November 1986, compared to 1985, rose only 2.2%. For the entire eleven months, it rose 3.5%, which is shown in the accompanying table as 4%. The Soviets announced that in December some new generating facilities were commissioned, so presumably production for December 1986 over December 1985 will increase somewhat more. In any case, the increase of slightly more than 2% on a month by month basis is probably the reason why the Soviets have been complaining about shortages of electricity and why they have been devoting so much attention to the need to conserve electricity generation.

As for the other fuels, the increase in gas production continues to diminish. It rose 6.5% on a month by month basis, which is approximately the same for the entire eleven month period. Coal production rose at 3% and oil production continues to recover - it rose by 4.3% for the month and 3% for the whole eleven month period.

While the majority of Soviet industries showed satisfactory increases in production, steel production rose only 1.5% for the month, below the 4% average for the eleven months, and automobile production actually dropped slightly. Food production continues to improve, particularly the production of non-alcoholic beverages.

CHANGES IN LIVESTOCK HERDS

The livestock herds have been increasing at the same rate as in previous months. The main exception is the cow herd, which is down by slightly more than 1%. Hogs have increased the most at 3.6%.

BALANCE OF TRADE FIGURES FIRST NINE MONTHS OF 1986

There was a notable drop in exports from the Soviet Union during the first nine months of 1986, at least in ruble terms. Exports from the Soviet Union to the hard currency world had not fallen below ten billion rubles since at least 1981. However, in the first nine months of 1986, they totaled approximately 8 billion five hundred million rubles, a drop from the preceding year of almost 3 billion rubles. That was due in large part to curtailment of petroleum exports. Since we don't have the detailed information as yet, that probably reflects a drop not only in tons exported, but also the drop in prices. The decline is almost unprecedented in magnitude.

At the same time, there was also a significant drop in Soviet imports. Imports from Western Europe and Japan dropped by over one billion rubles, less than the drop in exports, but nonetheless a significant drop. As a result, the Soviet Union's foreign trade balance with Western Europe was negative by about two hundred and fifty million rubles compared to a trade surplus the preceding year of 1.5 billion rubles for the first nine months.

The drop in imports in some cases is striking. Note for example that imports from the United States and Argentina dropped by almost a billion rubles. This clearly reflects a better harvest and smaller grain imports. Similarly, the drop in exports in some cases was quite large. The Soviets reduced their exports to West Germany by almost a billion rubles as well.

We will have to wait until we get the results for the whole year, but it looks like much of the activity was due to the drop in oil prices and an improvement in the grain harvest.

What is notable, however, is that while Soviet exports to Western Europe dropped sharply, they rose sharply to Eastern Europe. The difference is not quite the same, but Soviet exports, as we will see in next month's newsletter, rose a billion and a half rubles to the six East European countries within CMEA.

CURRENCY FIGURES

Rubles Purchased Per 100	Nov 1986	Jan 7 1987
Austrian shilling	4.79	4.91
UK pound	96.93	98.59
FRG mark	33.75	34.60
US dollar	68.41	66.39
French franc	10.31	10.43
Japanese yen	.416	.418
Italian lira	.0488	.0496
Swiss franc	40.29	41.12

ARDEN HOUSE 1987

Arden House will be held March 20-22, 1987. Most of the program is in place, and announcements will be sent out shortly. We had hoped that we would have had them ready by this date, but given the confusion in Washington, it has been a little more difficult to arrange administrative and congressional participation than in the past. We expect to hear shortly from several congressmen and senators and once we have this final facet of the program in place, notices will be sent out with the formal program. Please mark your calendars now. The cost will be the same as last year. $1000 for a single room and $900 for a double.

We have received a number of requests for Arden House applications. In order to avoid confusion, we are enclosing an application form with this newsletter. The program and an additional application form will be mailed out shortly.

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THE RUSSIAN RESEARCH CENTER takes no official stand on any economic or political trend. The views and analyses expressed in this Newsletter are those of the authors directly associated with the article, or unless otherwise stated, with those of the editors, Marshall I. Goldman and Catherine Reed. RRC @ 1986

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BALANCE OF TRADE - 1st NINE MONTHS OF 1981 - 1986
(Million Rubles)

	EXPORTS FROM THE USSR						IMPORTS TO THE USSR					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
Austria	632	493	413	563	603	415	362	387	622	656	615	638
Belgium	350	774	741	902	658	444	342	421	449	380	425	337
Great Brit.	515	622	802	974	833	943	785	531	495	587	563	407
Greece	448	441	343	416	408	156	82	100	128	87	104	46
Denmark	168	268	221	275	213	105	194	53	54	73	76	113
Spain	216	106	229	224	148	81	347	127	182	227	291	130
Italy	1716	2209	2152	2388	1799	1110	757	874	1119	983	970	1119
Neth.	662	1175	1393	1243	770	425	385	282	410	188	227	181
Norway	44	59	59	78	91	41	73	56	75	60	51	55
Germany	2501	2982	2498	3478	3026	2197	2099	2201	2685	2558	2400	2268
France	1749	1664	1768	1695	1554	1116	1289	958	1353	1246	1291	860
Switz.	183	326	394	290	244	235	390	311	274	293	384	360
Sweden	182	289	491	441	392	213	281	283	191	184	240	190
Japan	589	556	579	633	695	721	1593	2129	1707	1534	1849	1755
Subtotal	10,000	11,964	12,083	13,600	11,026	8,202	8,979	8,713	9,744	9,056	9,486	8,459
Sub-Bal. of Trade							+1,021	+3,251	+2,339	+4,544	+1,540	-257
Argentina	28	25	19	20	44	51	2,069	1,133	1,153	983	1,114	172
U.S.A.	105	112	171	210	228	216	1,058	1,811	1,037	1,734	1,927	997
Canada	41	17	22	15	13	9	892	945	990	971	466	383
Australia	10	12	5	12	12	7	461	438	321	365	446	446
New Zealand	5	5	1	6	3	3	146	178	145	38	61	3
Brazil	9	122	85	93	48	25	523	356	429	396	300	200
Total	10,198	12,257	12,386	13,956	11,374	8,513	14,128	13,574	13,819	13,543	13,800	10,660
Balance of Trade							-3,930	-1,317	-1,433	+413	-2,426	-2,147

Los Angeles Times Sunday, December 21, 1986/Part V 5

Sakharov: Now a Symbol of Change

Gorbachev Runs Risks in Nudging Soviets Toward 'Reform'

By MARSHALL I. GOLDMAN

The return of Andrei Sakharov and his wife Yelena Bonner to Moscow and the end of their exile in Gorky is good news—not only for the Sakharovs but also for what it may portend about an improvement in Soviet human-rights policies.

We should not overdo it. The Soviet Union is not on the verge of becoming another Canada or Sweden. But at the same time we should give credit where it is due. Let us applaud the Soviet Union and its leader, Mikhail S. Gorbachev, for doing the right thing—for personally calling Sakharov and allowing him to return to his research—and hope that this is the first in what may well become a series of more humane actions.

While it is certainly too soon to proclaim the dawn of a new, more humane, Soviet Union, there is no doubt that something profound is happening inside the country. Gorbachev has even gone so far to call for "democratization." What he means by that is not exactly clear, but it seems linked to his concern about the need for a radical transformation of the country's economy. He seems to recognize that you cannot stimulate innovation, foster high technology and provide for a better standard of living without lifting some of the political and social restraints that have constrained the Soviet people for so long. Gorbachev has come to realize that it is not only his countrymen's political behavior that is affected but their creativity as well.

This explains in large part why he has come to call for *glasnost*, or more openness, why he has called upon Soviet writers to mobilize the country's energies, why he authorized an attack in Pravda on the late Leonid I. Brezhnev for his ineptness and economic incompetence, and why he has even hinted at the need for a mild form of pluralism.

Gorbachev's call for a conference on human rights in Moscow in 1987, the prospect of a "law on the procedure for protesting to the courts for relief from illegal actions by officials in violation of citizens' rights" and the passage of a new immigration law effective Jan. 1 all fit in with this pattern. So do his calls for a less defensive response to those who pressure for human rights and for a resumption of the dialogue with leaders of the American Jewish community.

Undoubtedly some of this is being done more for international appearances than for actual improvement. Gorbachev has begun to invite foreign businessmen to start joint ventures inside the country. This is much easier to do when the Soviet Union is seen to be liberalizing, rather than intensifying, its controls.

However, while some of the more publicized dissidents and refuseniks such as Anatoly Shcharansky have been released, the total number of refuseniks allowed out of the country in 1986 will probably be under 1,000, which is a throwback to the 1960s.

In addition, the new immigration law is seen by some as a much tighter measure since it limits those who can leave the country to blood relatives seeking family reunification, not cousins and other more-distant relatives.

Yet lest we become too cynical about Gorbachev's motives, it is necessary to realize that his human-rights initiatives and what appears to be liberalization are not without cost. First of all, he has stirred up the conservatives. Gorbachev himself acknowledges that he faces fierce opposition. For example, in a June 19 speech to the Soviet Writers Congress, Gorbachev is reported to have warned that the opponents of change broke Nikita Khrushchev's neck and are trying to do the same to him if necessary, going so far as to resort to terror.

The conservatives fear all change; they especially fear liberalization. Undoubtedly some of them will characterize last week's riots in Alma Ata, the capital of Kazakhstan, as the inevitable consequence of a more relaxed policy.

In a society that has insisted on strict political controls for 70 years, any relaxation is like opening Pandora's Box. As Deng Xiaoping continues to find in China, the calls for democratic reform sometimes have a way of generating their own momentum and going beyond what even the liberals in the party may think wise.

That is Gorbachev's dilemma. He must have liberalization if he is to carry out his reforms. This will bring him support within and out of the Soviet Union. At the same time, Gorbachev runs the risk that he may unduly arouse expectations that he cannot satisfy.

If those who are disappointed link up with those who feel he has gone too far, Gorbachev may find—just as Khrushchev did in 1964—that the role of the reformer in the Soviet Union is risky.

Marshall I. Goldman is a professor of economics at Wellesley College, the associate director of the Russian Research Center at Harvard University and the author of the forthcoming "Gorbachev's Challenge: Economic Reform in the Age of High Technology."

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THE NEW USSR?

March 20-22, 1987

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Please sign me up for: (Circle one)

Fee for the bus will be $25.00

(1) Bus departing the Eastern Airlines Shuttle Baggage claim area at LaGuardia at 3:20 p.m., Friday, March 20.

(2) Bus departing from Bryant Park, 42nd Street, Ave. of the Americas (Bus will be on the East side, between 41st and 42nd, facing North) at 3:30 p.m.

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